Financial Statement
1999-2000

Saskatchewan
Correspondence School

101-01906/

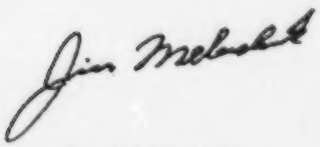
Letter of Transmittal

The Honourable L. Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour:

I have the honour to submit for your consideration the Financial Statements of the Correspondence School for the year ending March 31, 2000.

Respectfully submitted:



Jim Melenchuk
Minister of Education

CORRESPONDENCE SCHOOL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2000

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

Phone: (306) 787-6398
Fax: (306) 787-6383
Internet e-mail: info@auditor.sk.ca

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Correspondence School Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus/deficit and of changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
October 30, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
BALANCE SHEET
As at March 31

ASSETS

	2000	1999
Current:		
Petty Cash	$ 225	$ 225
Accounts receivable	113,984	116,311
Inventories	40,035	34,199
Prepaid Expenses	693	4,024
Total Current Assets	154,937	154,759
Capital Assets (Note 6)	117,703	182,063
	$ 272,640	$ 336,822

LIABILITIES AND EQUITY

Current Liabilities:		
Accounts Payable and accrued liabilities	$ 56,600	$ 69,949
Unearned Revenue	0	0
	56,600	69,949
Non-Current Liabilites:		
Accumulated net expenditure (Statement 3)	200,344	279,360
Fund Equity:		
Accumulated operating surplus/(deficit) (Statement 2)	15,696	(12,487)
	$ 272,640	$ 336,822

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
For the Year Ended March 31

	2000		1999
	Actual	Budget (Note 10)	Actual
Revenue:			
Sales	$ 254,573	$ 279,700	$ 259,888
Less: Cost of goods sold	111,010	162,000	141,322
Gross profit	143,563	117,700	118,566
Registration Fees	119,125	126,000	123,115
Tuition	1,279,597	1,419,484	1,290,755
Other Revenue	3,291	3,100	2,633
Total Revenue	1,545,576	1,666,284	1,535,069
Operating expenses:			
Salaries	1,599,656	1,569,874	1,524,126
Marking Fees	53,140	100,000	79,322
Computer support and maintenance	83,425	155,800	89,571
Telephone expense	34,306	40,000	35,145
Advertising and printing	19,325	32,000	15,110
Amortization	107,418	180,000	174,911
Office and educational expenses	36,012	30,697	24,227
Postage	55,497	50,000	62,246
Other	23,614	37,500	11,996
Total Expenses	2,012,393	2,195,871	2,017,654
Net Income (loss) from Operations	(466,817)	(529,587)	(482,585)
Subsidy from General Revenue Fund	495,000	410,000	336,000
Net income (loss) (Note 8)	28,183	(119,587)	(146,585)
Accumulated operating surplus/(deficit), beginning of year	(12,487)	77,862	134,098
Accumulated operating surplus/(deficit), end of year - to Statement 1	$ 15,696	$ (41,725)	$ (12,487)

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	2000	1999
Financing (provided by) required for operating activities:		
Net Income after operating subsidy	$ (28,183)	$ 146,585
Items not affecting working capital		
· amortization	(107,418)	(174,911)
	(135,601)	(28,326)
Net increase (decrease) in working capital items related to operations (Note 7)	13,527	(53,154)
	(122,074)	(81,480)
Financing (prcvided by) required for investing activities:		
Purchase of capital assets	43,058	60,849
Net (decrease) increase in financing requirements	(79,016)	(20,631)
Accumulated net expenditure, beginning of year	279,360	299,991
Accumulated net expenditure, end of year · to Statement 1	$ 200,344	$ 279,360

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

1. Authority and Definition of Entity

The Revolving Fund was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Saskatchewan Correspondence School Revolving Fund is to provide educational services at the high school level, Grades 9-12, to Saskatchewan residents through distance education.

2. Significant Accounting Policies

These financial statements have been prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 7. The following accounting policies are considered significant.

a) Basis of Accounting

The accounts are maintained on an accrual basis of accounting.

b) Net Cash Expenditure/(Recovery)

The net cash expenditure/(recovery) is the total cash outflow from/to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

c) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

i) Net expenditure/(recovery) for each fiscal year; and

ii) The book value of assets acquired at no charge from another government agency.

d) Capital Assets

Capital assets are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated surplus. Donated equipment is recorded at fair market value.

Amortization is provided on office and audio/visual equipment on a straight-line basis at an annual rate of 20% from the date of acquistion. Computer software and hardware are amortized at an annual rate of 25% from the date of acquistion.

e) Inventory

Inventory is valued at the lower of average cost and net realizable value.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 776/90 the maximum amount has been set at $1,200,000.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 11(6) of *The Education Act, 1995* the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus (deficit) for the Correspondence School Revolving Fund shall be $100,000. Treasury Board has also specified that if at the end of the fiscal year the accumulated surplus (deficit) exceeds the maximum, then any surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid into (from) the General Revenue Fund.

5. Tuition Fees and Other Related Costs

The Revolving Fund's Correspondence School tuition fees and other related recoverable costs are described in the annual Correspondence School Calendar. These costs and tuition fees are reviewed periodically with the view to operating the Revolving Fund as close to the break even point as possible.

6. Capital Assets

	2000			1999
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office & audio/visual equipment	$ 18,651	$ 17,566	$ 1,085	$ 1,493
Computer hardware/software	863,389	746,771	116,618	180,570
	$ 882,040	$ 764,337	$ 117,703	$ 182,063

Amortization provided in the financial statements for the current year amounted to $107,418 (1999 - $174,911)

7. Net Change in Working Capital items Related to Operations

	2000	1999
(Decrease)/increase in accounts receivable	$ (2,327)	$ (659)
(Decrease)/increase in prepaid expenses	(3,331)	(63,497)
(Decrease)/increase in inventories	5,836	(7,999)
Decrease/(increase) in accounts payable	13,349	19,001
	$ 13,527	$ (53,154)

8. Amount Reported in Public Accounts

The net recovery of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2000	1999
Net income/(loss) from operations	$ 28,183	$ (146,585)
(Increase)/decrease in inventory balance	(5,836)	7,999
(Increase)/decrease in net capital assets	64,360	114,062
Amounts not included in Public Accounts, due to timing	(49,375)	50,156
(Net financing requirement)/recovery, reported in the Public Accounts	$ 37,332	$ 25,632

9. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2000	1999
Telephone	$ 34,306	$ 35,145
Postage	55,497	62,246

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements.

10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

12. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.